

To Get Connecticut Growing Again,  
We Have To Get Connecticut Moving Again

Commissioner Joe Giulietti (DOT)  
Commissioner-Designate David Lehman (DECD)  
Secretary Melissa McCaw (OPM)

(Joe Giulietti, DOT Commissioner)

Thank you Chairman Leone, Chairman Lemar, Ranking Member Martin, Ranking Member Devlin and members of the Transportation Committee.

I am Transportation Commissioner Joe Giulietti, and I am joined by Commissioner-Designate David Lehman from the Department of Economic and Community Development and Secretary Melissa McCaw from the Office of Policy and Management.

We're here to talk about the Governor's Bill, HB 7202, which would enable Connecticut to construct tolls along several highways. But we believe the dialogue should be much broader. We believe tolling is "how" we should move forward, but we need to spend a few minutes on the "why" – why are we having this conversation in the first place?

Simply put, Connecticut's aging transportation infrastructure and lack of sustainable, recurring revenue in the Special Transportation Fund has hampered our ability to just maintain a state of good repair, let alone make the investments necessary to move

our state's residents and the economy. This lack of funding to maintain our infrastructure leads to major capital costs and the need to entirely revamp systems, which is not strategically smart or a financial best practice.

On paper, Connecticut has it all



(Joe Giulietti)

On paper, Connecticut has it all — access to world-class talent; equidistant between Boston and New York without the exceptionally high cost of living; vibrant cultural and educational institutions.

But our reputation in one area in particular precedes us.



(Joe Giulietti)

Congestion is getting worse and it costs us. It negatively impacts the quality-of-life for residents and it's a financial drain and reputational impediment for businesses who want to grow here.

The Merritt, I-95 and I-84 are too slow. I-84 was designed of 50,000 vehicles and we are instead carrying 180,000, passing this financial drain to our system and the investment required to the next generation.

The commute on Metro North from New Haven to New York City is 10-15 minutes longer than it was a century ago. Many of our bridges are over 100 years old. Due to our lack of investment in infrastructure, our rail system has had to slow down. We have better rail cars, but they're still forced to go slower.





"Economic development follows transportation infrastructure. It's the beginning of a new economic backbone for the state."

-Joe McGee, President of Public Policy/Programs, Fairfield County Business Council

(David Lehman, DECD Commissioner-Designate)

The state's economy and enhanced transportation infrastructure go hand-in-hand. There are the obvious jobs created by construction projects of this magnitude, but what would Connecticut **lose** by failing to invest in its transportation system?

Over the course of 20 years, our state would lose:

- Over \$65 billion in benefits, wages and output for drivers and businesses
- Nearly \$21.4 billion in state GDP
- \$3.2 billion in economic activity each year, including over 10,000 jobs.

[https://artba.org/wp-content/uploads/2017/09/2017\\_CCIA\\_ARTBA\\_EconImpactStudy.pdf](https://artba.org/wp-content/uploads/2017/09/2017_CCIA_ARTBA_EconImpactStudy.pdf)



(David Lehman)

So what are our state's business leaders saying about the state of Connecticut's transportation infrastructure, some of whom will speak directly to the issue later today? In a recent poll:

- Two-thirds- 66%- of business leaders in the I-91 corridor say traffic congestion and poor infrastructure are the most pressing transportation issues they seen.
- In addition, 21% of those same leaders cited a lack of mass transit options as impacting their business.

Connecticut drivers experience 81 million hours of delay **per year** while stuck in traffic, costing residents and businesses a staggering \$1.9 billion dollars per year.

Investing in our aging infrastructure is not an option – it's a necessity, if we are going to truly impact economic growth and development across our state.

<https://www.cbia.com/resources/economy/reports-surveys/new-england-knowledge-corridor-2017->

[survey/  
https://mobility.tamu.edu/ums/](https://mobility.tamu.edu/ums/survey/)

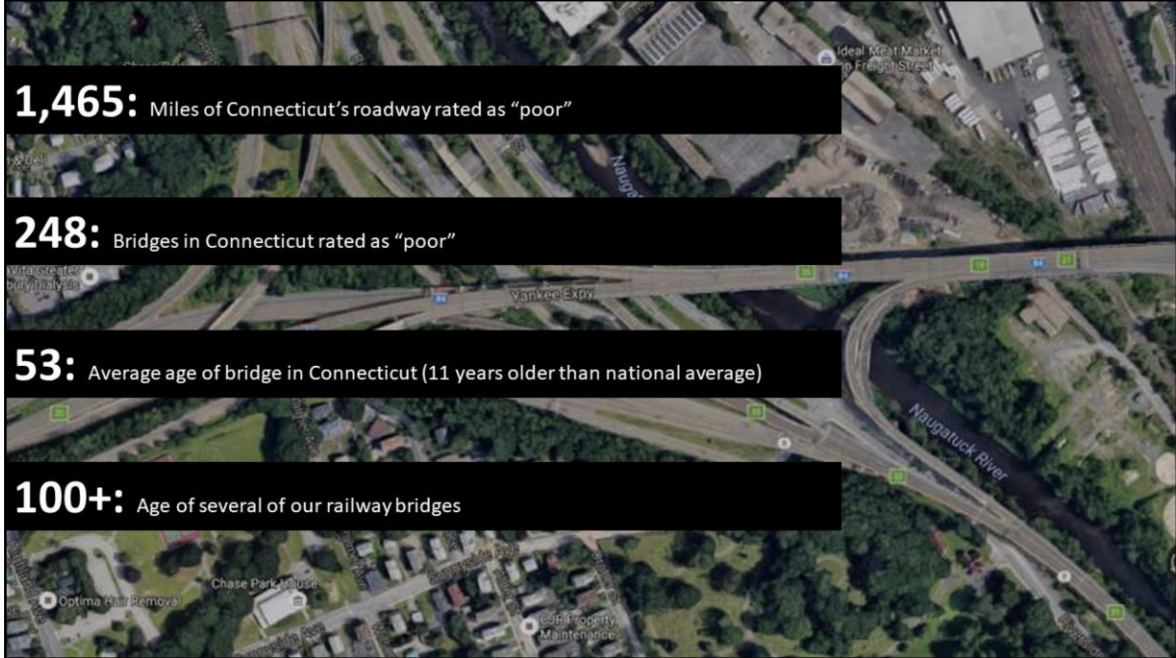


(David Lehman)

The Connecticut of tomorrow – in just 10 years in 2030 - has more jobs and higher home values because of the vision Governor Lamont has laid out. 30/30/30 rail service into New York City, with more frequent service to Danbury, Waterbury and New London; easier access to Bradley Airport and upgraded airports; all while moving some drivers from roads to rail; and incentivizing trucks to drive at off-peak hours. Utilizing intelligent transportation systems and empowering Connecticut's commuters with Smart Traveler technology, congestion on our major highways will be significantly mitigated – allowing commuters to predictably and efficiently travel to their destinations.

All of that – and more – can be a reality. But we can't do it if we don't have reliable, sustainable transportation funding that will allow us to maintain, and more importantly, enhance our infrastructure.





(Joe Giulietti, DOT Commissioner)

We spend \$1.2 billion dollars per year on upkeep alone – never truly reaching state of good repair with our system and never fully realizing our aspirations of a 21<sup>st</sup> century transportation system. And quite frankly, on the upkeep side, we are sorely lacking.

- 1,465 miles of state roadway are rated "poor."
- 248 bridges are rated "poor."
- The average age of our state's bridges is 53 years - 11 years older than the national average.
- And several of our bridges are over 100 years old.



(Joe Giulietti)

The problem is clear. As my colleague stated earlier, we are here to talk about potential solutions.

The Governor's budget has outlined two options:

- Trucks-only, and
- Cars and trucks



## Trucks-only

- Only permissible on bridges that are being reconstructed
- Up to \$200 million at max in revenue annually (in 20 years)
- 50 – 100 gantries
- Currently litigated in Rhode Island

(Joe Giulietti)

In the Trucks-only scenario, we believe that the federal government will only permit this option on bridges that are being reconstructed. Due to the location of bridges, that means that gantries would be concentrated in some areas, while other areas would have none.

We expect this option to bring in about \$200 million in 20 years with 50 to 100 gantries. This plan would produce an over-concentration of gantries in certain areas and doesn't address the congestion or economic development issues we discussed earlier.



## Cars and trucks

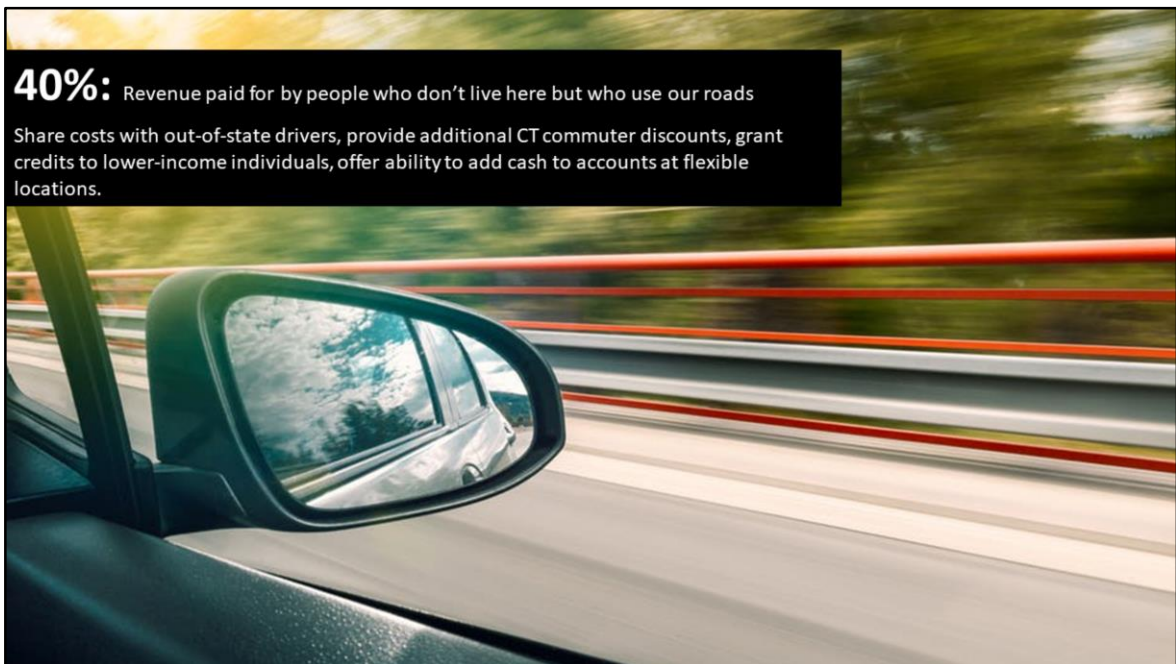
- \$800 million in net revenue annually (implemented by 2024)
- 30% CT EZ-Pass discount in addition to 20% frequent commuter discount
- 40% will be paid for by out of state drivers

(Joe Giulietti)

In the Cars and trucks option, we expect about \$800 million in revenue annually after implementation in 2024.

The Governor has stated publicly that he would consider this option only if discounts for Connecticut drivers were maximized, including a 30% Connecticut EZ-Pass discount, in addition to a 20% frequent commuter discount.

Out of that \$800 million in annual revenue, we expect that 40% of it will be paid for by out-of-state drivers.



(Joe Giulietti)

Let me drill down on that last point for a moment.

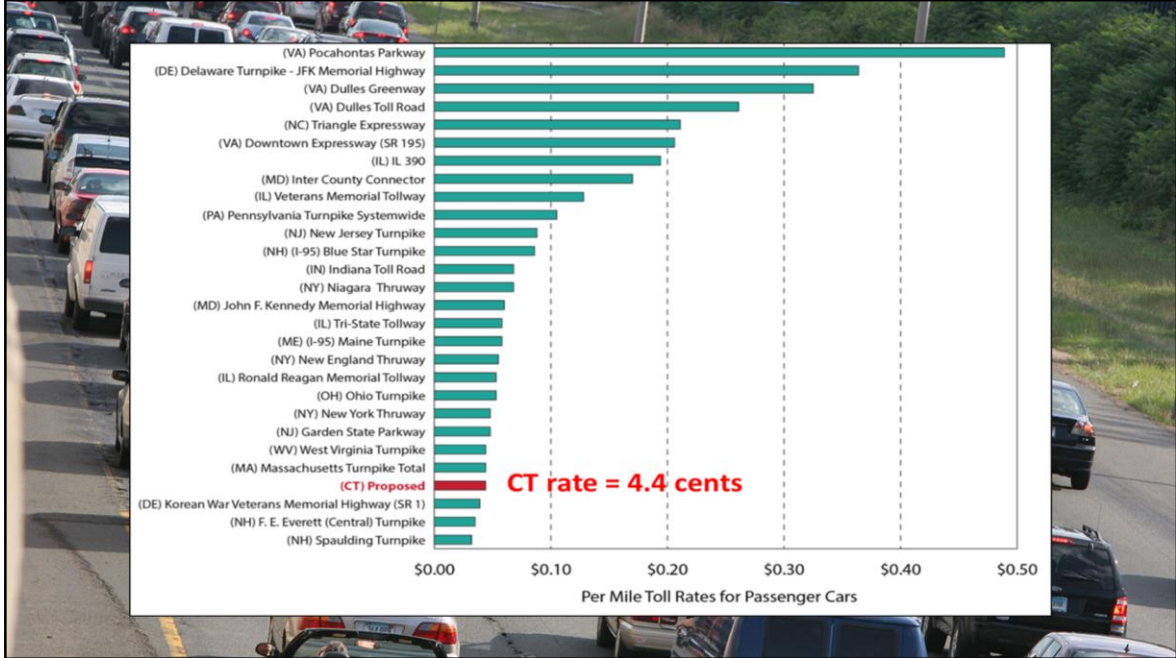
I understand that tolls are a hot button issue, and I get it.

But there is no other plan that I've seen discussed where 40% of the revenue is paid for by people who don't even live in this state but who use our roads.

We subsidize other states for our use of their roads – there's no reason why people from Rhode Island, New York and Massachusetts should use our roads for free while CT residents pick up 100% of the tab to repair and upgrade them.

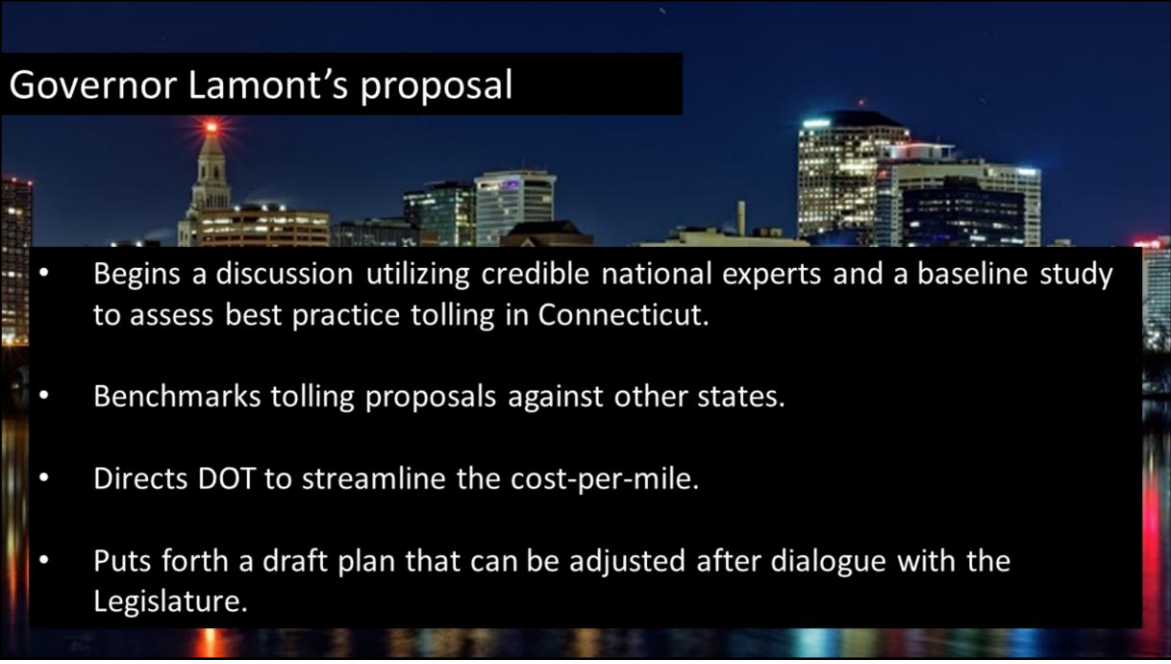
We have also studied how other states reduce this burden by loading a credit on EZ-Passes or accounts for low-income individuals/families and/or providing EZ-Pass cash-loading services at locations where utility bills and check cashing services are offered. We stand ready to offer these solutions for minimizing the burden.





(Joe Giulietti)

From a preliminary review, the DOT is recommending rates per mile that are among the lowest in the region – 4.4 cents per mile. This aligns with the rates charged on the Mass Pike and, is significantly less than rates on the New Jersey Turnpike and the New England Thruway.



## Governor Lamont's proposal

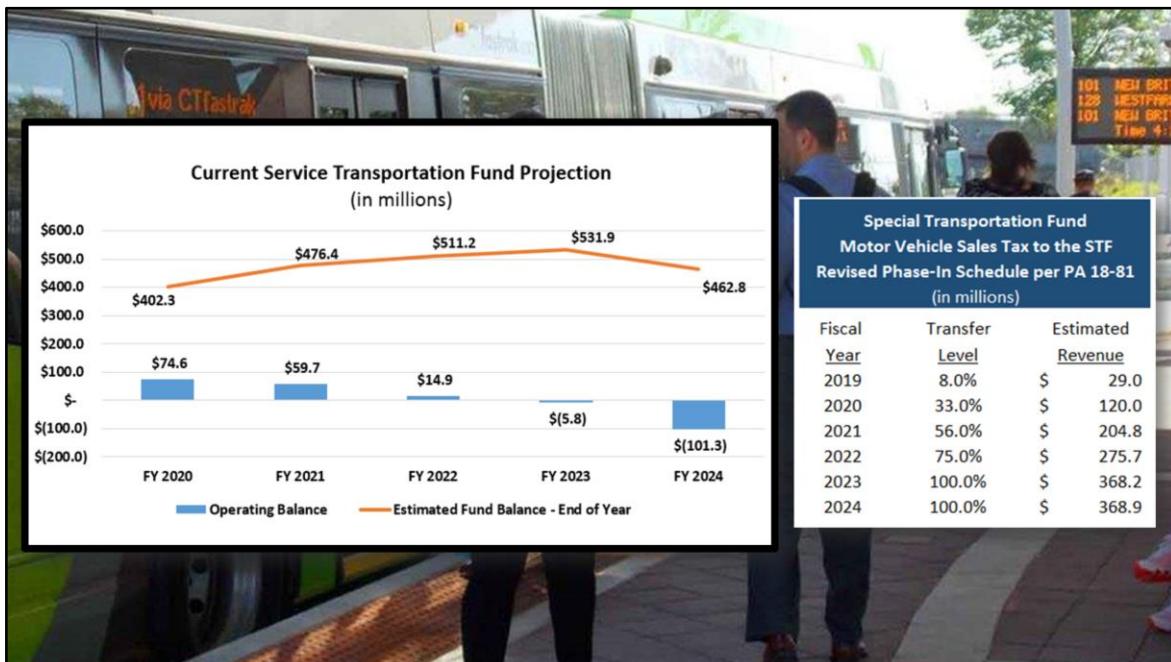
- Begins a discussion utilizing credible national experts and a baseline study to assess best practice tolling in Connecticut.
- Benchmarks tolling proposals against other states.
- Directs DOT to streamline the cost-per-mile.
- Puts forth a draft plan that can be adjusted after dialogue with the Legislature.

(Joe Giulietti)

The Governor's proposal is the beginning of the conversation about tolls, not the end. Leveraging the guidance and expertise of credible national experts, as well as a baseline study to assess best practice tolling in Connecticut, Gov. Lamont's proposal also benchmarks Connecticut's tolling proposal against that of other states as we just discussed.

In addition, Gov. Lamont has directed the Department of Transportation, and me specifically, to streamline the cost per mile. I look forward to working with Noel Petra at DAS Construction Services on this issue.

As he indicated in his budget address, Gov. Lamont remains committed to a continuing dialogue with the legislature on this proposal, but feels strongly that tolls is the only way to move forward with the kind of sustainable revenue source needed to maintain and enhance Connecticut's transportation system.



(Melissa McCaw, OPM Secretary)

Thank you to my colleagues for laying out the “why” and the “how,” so I’ll just touch briefly on the current state of transportation funding in Connecticut.

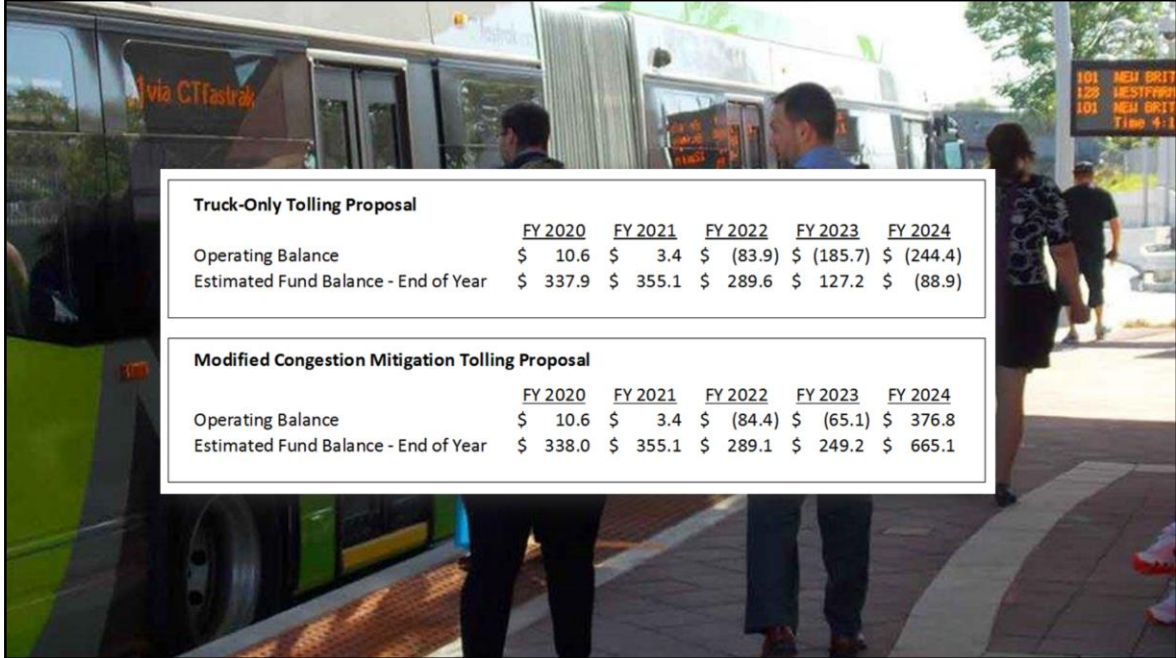
First, I greatly respect the bipartisan spirit in which this compromise was originally constructed and the legislature’s goal of linking car sales tax related purpose to the Special Transportation Fund.

However, the Special Transportation Fund, with the current diversion of the car tax funds receipts from the General Fund, will run a deficit beginning in fiscal year 2023/2024. This is the current schedule enacted in law. As you can see here, if we do nothing, we acknowledge that the fund will become insolvent in the years to come. This is primarily because of debt service associated with issuing \$800 million in bonds annually, a level that is far below the investment required for state of good repair, never mind new projects that will support a more viable transportation system as conveyed by Commissioner Giulietti.

Again, while respecting the bipartisan spirit in which this compromise was originally

reached, we need to acknowledge that the current diversion leaves a hole of \$368 million in the General Fund, for which no replacement revenue source has ever been identified.

So not only are we expecting the Special Transportation Fund to become insolvent, but at the same time, we are robbing Peter to pay Paul, and leaving a hole in the General Fund by doing so.



Truck-Only Tolling Proposal					
	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Operating Balance	\$ 10.6	\$ 3.4	\$ (83.9)	\$ (185.7)	\$ (244.4)
Estimated Fund Balance - End of Year	\$ 337.9	\$ 355.1	\$ 289.6	\$ 127.2	\$ (88.9)

Modified Congestion Mitigation Tolling Proposal					
	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Operating Balance	\$ 10.6	\$ 3.4	\$ (84.4)	\$ (65.1)	\$ 376.8
Estimated Fund Balance - End of Year	\$ 338.0	\$ 355.1	\$ 289.1	\$ 249.2	\$ 665.1

(Melissa McCaw)

The Governor's budget provides two options and is transparent about the financial viability of these options.



## Transportation projects will continue



(Melissa McCaw)

I also want to address a specific point head on, as there has been a lot of questions about if and how transportation infrastructure projects will continue between now and the time at which we expect tolls to come online in fiscal year 2024.

The Special Transportation Fund will continue to have enough funding for all existing projects that have been allocated through Bond Commission and that are allotted and actively underway, period.

The administration will have to evaluate funding adequacy for new projects between now and 2024. This is one of the critical reasons that a comprehensive financial plan is needed for the STF – to ensure we can increase investment to improve state of good repair, fund the new transportation systems projects and bring our transportation system to a level that best supports economic development. A revenue solution is needed to fund the debt service associated with increase annual debt issuance. These options take years to operationalize.

Time is of the essence and we need to act decisively now to ensure we have a

financial plan that can support increased capital investment, a revenue plan that can actually fund the debt service associated with these projects and an increased level of debt issuance well north of \$1 billion annually.



(Melissa McCaw)

Thank you to the Transportation Committee for hearing this bill. We believe our state's infrastructure is an asset which should be treated as such with a sustainable, recurring revenue source identified to ensure we can make the upkeep and enhancements necessary to get Connecticut moving again. Our economy and Connecticut's future, quite simply, depend on it.

Thank you.